



**DDSN FY22/23
Budget Presentation
to
Ways & Means HealthCare
Subcommittee**

January 11, 2022

Dr. Michelle Fry, State Director

Key Officials

- Dr. Michelle Fry – State Director
- Constance Holloway – General Counsel
- Nancy Rumbaugh – Budget Director
- Tommy Windsor – Legislative Liaison

DDSN Mission Overview

- **Who is eligible for services?** DDSN currently has 37,389 individuals with intellectual disabilities, autism, head & spinal cord injuries, and related disabilities eligible for services.
- **What services are provided?** DDSN's FY22 legislative appropriations of \$828 million serves 21,529 individuals through a variety of resource mechanisms:
 - Medicaid At-Home Waivers (8,547);
 - Medicaid Residential Waivers (3,887);
 - Medicaid Community Intermediate Care Facilities (463);
 - Medicaid Regional Center Intermediate Care Facilities (601);
 - State funded equivalent Waiver services (222);
 - Early Intervention (3,772); and
 - State Funded Family Support (4,037).
- **How do we spend our funds?** DDSN's annual expenditures are used for the following:
 - Contracted services (DSN Board, Private Provider) (85.1%),
 - DDSN operated Regional Center Intermediate Care Facilities (12.0%),
 - DDSN operated Autism residential homes (0.2%), and
 - DDSN overhead (2.7%).

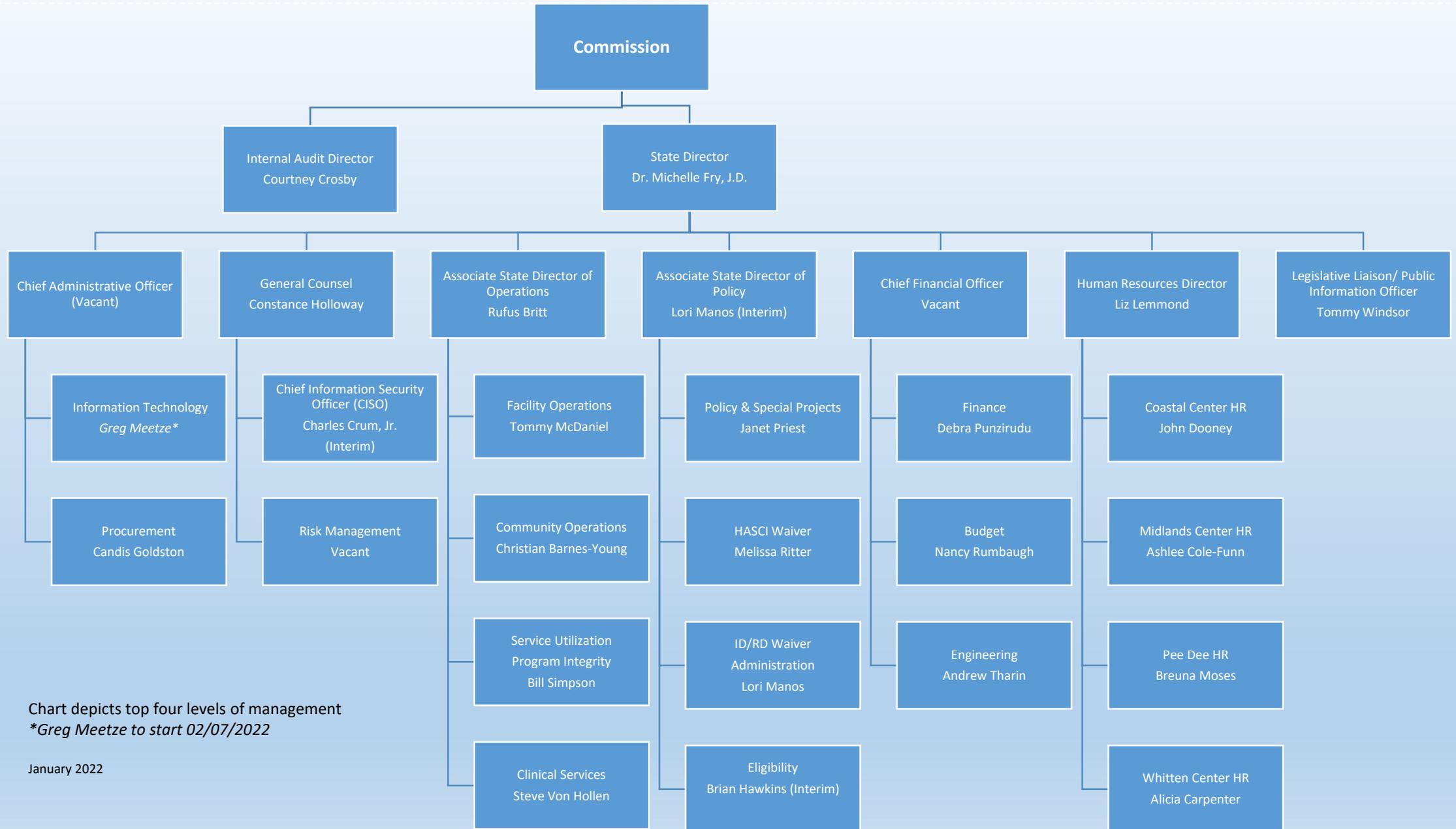


Chart depicts top four levels of management
 *Greg Meetze to start 02/07/2022

January 2022

DDSN FTE Filled vs Vacant

Position Type	Agency Total					Regional Centers					Administration				
	Filled	%	Vacant	%	Total	Filled	%	Vacant	%	Total	Filled	%	Vacant	%	Total
Classified FTEs:															
Nursing	97	52%	91	48%	188	97	52%	91	48%	188					
Direct Support Staff	642	50%	644	50%	1,286	642	50%	644	50%	1,286					
Administration and Operational Support	484	75%	158	25%	642	324	80%	81	20%	405	160	68%	77	32%	237
Total Classified FTEs	1,223	58%	893	42%	2,116	1,063	57%	816	43%	1,879	160	68%	77	32%	237
Agency Head	1	100%			1						1	100%			1
Unclassified	4	67%	2	33%	6	4	80%	1	20%	5			1	100%	1
Total FTE Count	1,228	58%	895	42%	2,123	1,067	57%	817	43%	1,884	161	67%	78	33%	239

DDSN One-Page Summary

Priority	Description of Agency Need	State Funds Medicaid Total
1*	<p><u>Enhance ID/RD Waiver Services and Update Service Rates:</u> The SC Department of Health and Human Services' (SCDHHS) ID/RD Waiver is operated by DDSN. The ID/RD Waiver is up for renewal effective 1/1/22. As a result of the FY19 cost report, trend data, and independent rate analysis input from SCDHHS's consultant, SCDHHS calculated DDSN needs \$14 million in new state funds to enhance services and update service rates, which includes \$9.5 million related to daily Residential Habilitation rate updates. Of particular importance, the ID/RD Waiver Renewal is structured to create a pathway for DDSN to complete its payment system transition to fee-for-service (FFS) on 1/1/22. FFS would improve Medicaid matching efficiency, transparency, and delivery system productivity.</p> <p>ID/RD Waiver improvements includes updating provider service rates; creates individual "tiered" residential settings; modernizes day services; establishes an "Independent Living Skill" service; adds In-Home support service; includes remote supports as part of Assistive Technology; creates the option for Respite services to be provided to multiple participants living in the same household; and increases the Environmental Modification lifetime cap from \$7500 to \$15,000. The availability of COVID-19 federal funding can finance this unique waiver renewal opportunity for many years permitting time for DDSN and SCDHHS to arrange for long-term recurring funding. The FY23 increased cost of these enhanced ID/RD Waiver services and corresponding service rate increases is \$14 million state funds, which will generate an additional \$33 million in Medicaid match for a total of \$47 million in service dollars. DDSN requests a two-year legislative appropriation strategy to obtain the \$14 million state funds with an annual state fund request of \$7 million in state funds in FY23 and FY24. (Recurring)</p>	<p>\$7,000,000</p> <p><u>\$16,500,000</u></p> <p>\$23,500,000</p>
2* Req FY22	<p><u>New Waiver Slots to Address the Waiting List:</u> The waiver waiting lists are at an all-time high containing 14,456 individuals. Each waiver is at, or near, an all-time high in wait times: IDR (5.4 years); Community Supports (3.6 years); and HASCI (0.4 years). On 7/1/21, DDSN re-engineered its waiver waiting list to more efficiently implement new legislative appropriated waiver slots. DDSN requests \$6.36 million (\$1.9 million state funds) to fund 300 IDR Waiver slots (\$14,000/waiver slot) and 60 HASCI Waiver slots (\$36,000/waiver slot). (Recurring)</p>	<p>\$1,900,000</p> <p><u>\$4,460,000</u></p> <p>\$6,360,000</p>
3 Req FY22	<p><u>Early Intervention (EI) Utilization Increase:</u> DDSN anticipates a conservative 17% increase in FY23 utilization due to serving an increase in children receiving services (ages 3-6). DDSN has absorbed the past four FYs' increases children served in the program from its base funding, which were 18% (FY18), 30% (FY19), 8% (FY20), and 17% in FY21. (Recurring)</p>	<p>\$618,000</p> <p><u>\$1,418,044</u></p> <p>\$2,036,044</p>
4*	<p><u>Appropriation Transfer from DHHS for First Filled Slots:</u> The \$841,273 state funds requested is SCDHHS's estimate of recurring state funds needed for DDSN to pay the state match for new waiver individual's medical state plan costs beginning in FY23. This is an annual recurring appropriation transfer between SCDHHS and DDSN, which has recently been integrated into the annual budget appropriation request. (Recurring)</p>	<p>\$841,273</p> <p><u>\$0</u></p> <p>\$841,273</p>
5	<p><u>Increase Access to Post-Acute Rehabilitation (PARI) for Traumatic Brain or Spinal Cord Injuries:</u> In FY21, the PARI Program costs exceeded its \$3.6 million legislative appropriation by \$466,000, which DDSN paid for from its base funding and reserves. DDSN anticipates the PARI program costs will continue to increase based on criteria of need and historical pattern of increasing costs. As a result, DDSN requests \$466,000 in state funds. (Recurring)</p>	<p>\$466,000</p> <p><u>\$0</u></p> <p>\$466,000</p>
6	<p><u>Increase and Improve Access to Community Residential Supports for Regional Center Individuals:</u> The Regional Center list of residents desiring community placement is updated quarterly and the Critical Needs Staff advocates for providers to accept placements; however, providers must voluntarily agree. Available community beds to serve community based and Regional Center individuals comes from turnover of existing fully occupied beds which averages 180 annually (16 beds/month). Given the chronic staffing shortages at Regional Centers even before COVID and the legal requirement of the Olmstead Act, DDSN requests residential expansion of four CTH II homes (16 beds) focused on de-populating centers. Because "money follows the person," DDSN is only asking for \$140,000 in non-recurring funds (\$35,000/house; \$25,000 Housing Trust Fund loan match & \$10,000 sprinkler cost). (Non-Recurring)</p>	<p>\$140,000</p> <p><u>\$0</u></p> <p>\$140,000</p>
7	<p><u>South Carolina Genomic Medicine Initiative:</u> This initiative will combine clinical care, a "multi-omics" technological approach and big data/machine learning to create a powerful, and unique resource serving patients, healthcare providers, and state agencies. This is the third annual \$2 million request in a five-year plan to fund this project with \$10 million from the State. (Non-Recurring)</p>	<p>\$2,000,000</p> <p><u>\$0</u></p> <p>\$2,000,000</p>
8 Req FY22	<p><u>Greenwood Genetic Center (GGC) Base Budget Increase:</u> In FY21, DDSN contracts with GGC were restructured to properly account for Medicaid matching funds reimbursable to GGC based on its use of its state funds received through DDSN from the General Assembly (\$4,934,000). This resulted in a decrease in funding to GGC. As a result, GGC requests a \$500,000 increase in recurring base appropriations. (Recurring)</p>	<p>\$500,000</p> <p><u>\$0</u></p> <p>\$500,000</p>
Total Funds	<p>* DDSN acknowledges Priority #1, 2, and 4 are currently under our Agency's accountability, however with the near future completion of transition to a Fee-for-Service Payment System with SCDHHS, and at the will of the South Carolina Legislative Body's approval of such, if funded, DDSN will transfer approved State Appropriations within these 3 stated priorities to SCDHHS.</p>	<p>\$13,465,273</p> <p><u>\$22,378,044</u></p> <p>\$35,843,317</p>

DDSN Proviso Request

Proviso #	Title	Summary	Action
36.14	DDSN: Beaufort DSN Facility	<p>Proviso 36.14 directs DDSN to retain the full amount of proceeds from the sale of the local Disability and Special Needs Board of Beaufort County property. Funds retained must be used to purchase new property for the local Disability and Special Needs Board in Beaufort County.</p> <p>Beaufort County Government completed the purchase of a replacement home. DDSN completed the sale of the former home (1508 Old Shell Road, Port Royal) and disbursed the proceeds to Beaufort County Government on August 12, 2021</p>	Delete

DDSN Carry Forward

SC Department of Disabilities and Special Needs FYE 2021 Carry Forward Information

	<u>General Fund (Appropriations)</u>	<u>Medicaid Fund</u>	<u>FFCRA-FMAP 6.2% Fund</u>	<u>Other Operating Funds</u>	<u>Federal Funds</u>	<u>Net Cash Carry Forward Total</u>
FY 22 Beginning Cash Balance	<u>\$ -</u>	<u>\$ 7,240,776</u>	<u>\$ 35,201,041</u>	<u>\$ 12,793,001</u>	<u>\$ (2,228)¹</u>	<u>\$ 55,232,590</u>

¹ \$ (2,228) - Federal expenditures in FY 21 with reimbursement due in FY 22

DDSN – Federal Relief Funds Summary

Relief Funds Received						
Amount	Date Received	Date Required to be Spent	Relief Bill or Fed Grant Title	Summary of Need/Use	Spent	Remaining
\$ 998.48	9/28/2020	3/1/2020 through 6/30/2020	The CARES Act via SC CARES Phase I	The Federal Relief Funds under The CARES Act supported our Agency's operational expenses directly related to COVID-19. Major COVID expenditures are: Overtime Cost, Hero/Hazard Pay for Direct Care Staff, Temporary Personal Services, Personal Protective Equipment, Disinfectant Cleaning Supplies, Emergency Paid Sick Leave, Emergency Family Medical Act Expense.	\$ 998.48	\$ -
\$ 8,599.50	10/15/2020	3/1/2020 through 6/30/2020	The CARES Act via SC CARES Phase I		\$ 8,599.50	\$ -
\$ 515,200.67	11/30/2020	3/1/2020 through 6/30/2020	The CARES Act via SC CARES Phase I		\$ 515,200.67	\$ -
\$ 552,371.65	12/22/2020	7/1/2020 through 9/31/2020	The CARES Act via SC CARES Phase II		\$ 552,371.65	\$ -
\$ 903,407.35	1/8/2021	7/1/2020 through 9/31/2020	The CARES Act via SC CARES Phase II		\$ 903,407.35	\$ -
\$ 314,643.80	1/8/2021	10/1/2020 through 11/15/2020	The CARES Act via SC CARES Phase II-B		\$ 314,643.80	\$ -
\$ 2,295,221.45					Total Reimbursed	\$ 2,295,221.45

DDSN was reimbursed \$2,295,543 in expenses from 3/16/2020 through 11/15/20. Since that time, DDSN has incurred an additional \$3.1 million in COVID-19 expenses and is awaiting the next opportunity to request reimbursement. Major COVID expenditures to date were:

- Overtime Cost (\$1.5M),
- Hero/Hazard Pay for Direct Care Staff (\$1.0M),
- Temporary Personal Services (\$900K),
- Personal Protective Equipment & Disinfectant Cleaning Supplies (\$1.4M), and
- Emergency Paid Sick Leave and Emergency Family Medical Act Expense (\$400K).

DDSN – Federal Relief Funds Summary

Relief Funds Requested					
Amount	Approving Entity	Date Requested	Date Required to be Spent	Relief Bill or Fed Grant Title	Summary of Need/Use
\$ 524,799.00	CARES Act via SC CARES	8/21/2020	3/1/2020 through 6/30/2020	CARES Act	The Federal Relief Funds under The CARES Act supported our Agency's operational expenses directly related to COVID-19. Major COVID expenditures are: Overtime Cost, Hero/Hazard Pay for Direct Care Staff, Temporary Personal Services, Personal Protective Equipment, Disinfectant Cleaning Supplies, Emergency Paid Sick Leave, Emergency Family Medical Act Expense.
\$ 1,456,100.00	CARES Act via SC CARES	11/4/2020	7/1/2020 through 9/31/2020	CARES Act	
\$ 314,644.00	CARES Act via SC CARES	11/20/2020	10/1/2020 through 11/15/2020	CARES Act	
\$ 2,295,543.00					Total submitted

Relief Funds Pending Federal Approval					
Amount	Approving Entity	Date Requested	Date Required to	Relief Bill or Fed Grant Title	Summary of Need/Use
\$0		MM/DD/YR	n/a	Grant Title	Brief explanation

Accountability Report Summary

DDSN continues to operate in a high change environment. The FY18 House and Senate legislative oversight performance reviews suggested DDSN move away from its tendency to manage providers as if extensions of DDSN and towards promoting provider competition to benefit from market forces. The key recommendations included moving to a fee-for-service payment model due to the lack of transparency, needless complexity, and provider friction caused by its existing capitated “Band” payment system, as well as address a pattern of operating with problematic processes and reactive management. FY21 marks the third year of operating under an Enterprise Performance Management System, which has built a baseline to give greater insight into operations to manage the agency and facilitate this change effort across the enterprise.

Completing the Multi-Year Transition to a Fee-for-Service Payment System:

- In FYs 18 & 19, the Senate and House legislative oversight performance reviews suggested DDSN move away from its tendency to manage providers as if extensions of DDSN and towards promoting provider competition to benefit from market forces.
- A key component was transitioning DDSN's current capitated "Band" payment system for DSN Boards to a fee-for-service payment system already used to pay DDSN's Private Providers. Further, the Band payment system was viewed as overly complex, lacked transparency, and did not maximize Medicaid reimbursements.
 - Phase 1: In FY20, Waiver Case Management & Early Intervention converted to FFS.
 - Phase 2: In FY21, all At-Home services converted to FFS.
 - Phase 3: In FY22, all Residential services are scheduled to be completed on 3/1/22, which will fully complete DDSN transitioning to FFS.

Improve/Modernize Medicaid Waivers:

DDSN is using the five-year renewal of its largest Medicaid Waiver, the Intellectual Disability/Related Disabilities (IDRD) Waiver (implementation 1/1/22), to make a leap forward in improving and modernizing its waiver services with the following proposed improvements:

- Individual tiered Residential Service settings, which will have needs based acuity levels built into the service array, primarily by establishing staffing standards.
- Modernize Day Service standards with increased community engagement.
- New services, such as “Independent Living Skills”; In-Home Support services; remote supports as part of Assistive Technology; Respite services provided to multiple participants living in the same household; and the Environmental Modification lifetime cap increased by \$7500.
- The IDRD Waiver’s quality assurance requirements were re-engineered to improve the quality of services provided.

Response to COVID-19

Throughout FY21, DDSN operated under the COVID-19 pandemic and national health emergency. The majority of Central Office staff worked remote from home. Regional Centers and our community residential provider personnel were all working under highly challenging conditions to keep COVID-19 infections out of our congregate care facilities; caring for those infected; and operating with constant staffing shortages due to staff illness and high staff turnover.

During COVID-19, Regional Centers experienced a 22% reduction in direct support personnel (DSP) from 801 DSPs in January 2020 (pre-COVID-19) to 619 DSPs in July 2021. DDSN lost a net 166 full-time employees (hired 204; attrited 367) in the past seven months (January 2021 to July 2021), which then required more reliance on excessive overtime from the remaining staff. Even when it appeared COVID-19 was dissipating from March 2021 through July 2021, DSP staffing shortages escalated from both COVID-19 burnout and better paying, less stressful jobs available due to the tight labor market. DDSN's community providers experienced a similar staffing reduction with current residential staff vacancies at 24%.

Response to COVID-19 (con't)

DDSN and our community network employed multiple strategies to mitigate unprecedented workforce shortages. At the Regional Centers, DDSN implemented the following initiatives to hire and retain staff: “hero” bonus pay to frontline workers providing hands-on care for COVID-19 positive residents; nurse and DSP “sign-on” bonuses; new employee referral bonus; vaccination bonus; retention bonus; bonus to salaried management filling in shifts without pay; “no callout” bonus; and increase weekend pay to recruit part-time employees. Additionally, Human Resources personnel implemented a Rapid Hire Toolkit allowing for weekly hiring/employee processing.

The toll of COVID-19 due to staffing shortages has reduced individuals residentially served by 7.2% in Regional Centers (654 pre-COVID-19; 607 currently) and 1.6% in the community (4502 pre-COVID-19; 4431 currently). As of today, our individuals in residential services are being served by proportionally fewer staff based on burnout and the large number of other employment opportunities with higher pay and less stress available in today’s tight labor market. Reconstituting staffing levels in the community and Regional Centers will be DDSN’s highest priority in FY22.

Response to COVID-19:

- The below chart depicts COVID-19 positive cases in DDSN's five Regional Centers over a one year period. Over this one year, residents and staff were infected at a rate of 53% and 39%, respectively.

Summary of DDSN Regional Center Positive COVID-19 Cases (March 16, 2020 -- March 31, 2021)			
Regional Center	Census (Staff=FTEs)	Total Positive COVID-19 Cases During Pandemic	Deaths
Coastal - Residents	141	66	2
Coastal - Staff	302	97	0
Midlands - Residents	135	58	0
Midlands - Staff	303	78	2
Pee Dee - Residents	115	70	2
Pee Dee - Staff	243	102	0
Saleeby - Residents	75	60	1
Saleeby - Staff	158	54	0
Whitten - Residents	160	84	8
Whitten - Staff	356	208	4
Total - Residents	626	337	14
Total - Staff	1362	531	5
Total Resident & Staff	1988	868	19

- Since COVID-19, Regional Centers experienced a 22% reduction (182 work years) in direct care staff. DDSN's community providers experienced a similar staffing reduction with current residential staff vacancies at 24%.

Questions?

Thank You!